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The Bush administration urged Congress to add \$8 billion to the Highway Trust Fund, which otherwise would run out of money by the end of this month.

Federal gasoline taxes provide revenue for the fund, which finances road projects around the country. In recent months, gas tax receipts have fallen as Americans curtailed their driving in response to high prices at the pump.

The House passed legislation in July to move \$8 billion from the federal government's general fund into the Highway Trust Fund. At the time, the Bush administration opposed this action, contending Congress should instead use surplus mass transit funds for highways.

The imminent fiscal crisis facing the Highway Trust Fund forced the administration to reconsider its position, said U.S. Secretary of Transportation Mary Peters.

Until the Highway Trust Fund gets a cash infusion, DOT will ration out the money that is left.

This "will worsen the financial crises many states are already facing, and it will delay or halt needed transportation projects, and leave contractors and suppliers with IOUs instead of cash to pay their workers," said John Horsley, executive director of the American Association of State Highway and Transportation Officials.

"Unless Congress acts quickly to fix this shortfall, highway contractors will be forced to lay off workers at the peak of the construction season," said Stephen Sandherr, CEO of Associated General Contractors of America.

The Senate failed to pass the House bill before Congress' August recess, largely because Republicans insisted on a vote to expand offshore drilling for oil and natural gas. Another attempt to pass the bill failed Sept. 8, when Sen. Judd Gregg, R-N.H., objected to it, contending the money transfer would set a bad precedent.

Whatever happens with this bill, the funding crisis prompted renewed calls for overhauling the way transportation projects are financed.

"An infusion of cash is only a short-term fix," said Thomas Donohue, president and CEO of the U.S. Chamber of Commerce. "We must develop a long-term solution when we reauthorize the surface transportation law next year. Every funding option must be put on the table."

Relying on gasoline taxes "may have made sense 50 years ago, but it is ineffective and unsustainable when we are trying to reduce congestion and encouraging Americans to embrace more fuel-efficient cars," DOT Secretary Peters said.

"We need to scrap the 1950s tax-and-grant system in favor of smarter investment strategies and greater

flexibility for regions, states and localities to solve their own transportation problems," said Texas Transportation Commissioner Ned Holmes, who chairs the Transportation Transformation Group coalition.

For more information, see [www.dot.gov](http://www.dot.gov)

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